

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-376-C - ORDER NO. 2003-30

JANUARY 17, 2003

IN RE: Application of Hargray Telephone Company,)	ORDER APPROVING
Inc. for Approval of a Change in the Annual)	REDUCTION IN
Depreciation Rate for Buried Cable from 9%)	DEPRECIATION RATE
to 4%.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of Hargray Telephone Company, Inc. (Hargray or the Company) for approval of a change in the annual depreciation rate for Buried Cable Plant Accounts from 9% to 4%, with an effective date of October 1, 2002.

Pursuant to the instructions of the Commission's Executive Director, the Company published a Notice of Filing one time in a newspaper of general circulation in the Company's service area. The Company furnished an affidavit of publication therefore. No Protests or Petitions to Intervene were filed. We will therefore dispose of this matter without a hearing.

Hargray currently has an annual depreciation rate of 9% on Account 2423 Buried Cable, as approved by this Commission on October 26, 1983 in Docket No. 83-337-C, Order No. 83-702. Hargray now requests that this Commission authorize a change in the annual depreciation rate for buried cable from 9% to an annual rate of 4% effective October 1, 2002. The Company provided a study that showed that decreasing the annual depreciation rate on Buried Cable (Accounts 2423.0 Buried Cable Metallic and 2423.1

Buried Cable Fiber) from the current 9% to the requested 4% would have resulted in a decrease in depreciation expense of \$2,935,588 for the fiscal year ending September 30, 2001. That decrease in depreciation expense, according to Hargray, would likewise have increased the rate of return on rate base approximately 3%, from -1.39% to 1.87%. Since Hargray is authorized a rate of return on rate base in the range of 11.50% to 12.50%, as approved by the Commission in Order No. 90-134, that adjustment to net income for the fiscal year ending September 30, 2001 would not have caused an overearning situation, also according to the Company. Likewise, the Company states that it will not have overearned because of this depreciation adjustment for the fiscal year ending September 30, 2002 or future years.

The rate of 4% for buried cable is the rate authorized by the Commission for buried cable for Hargray's sister company, Bluffton Telephone Company, Inc., as approved in Docket No. 81-24-C, Order No. 81-382, dated May 26, 1981.

Hargray states that it will not seek a rate increase if this request is approved.

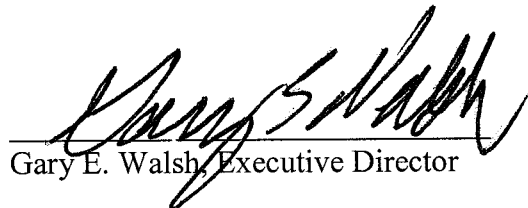
We approve the reduction in the annual depreciation rate for Buried Cable Plant Accounts from 9% to 4%, with an effective date of October 1, 2002. We do not think that Hargray will overearn pursuant to this change. We would note that 4% is the approved depreciation rate for buried cable for Bluffton Telephone Company, Hargray's sister company.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Mignon L. Clyburn, Chairman

ATTEST:


Gary E. Walsh, Executive Director

(SEAL)